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20 June 1958

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# CENTRAL INTELLIGENCE BULLETIN



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# CENTRAL INTELLIGENCE BULLETIN

20 June 1958

## DAILY BRIEF

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### I. THE COMMUNIST BLOC

*yes*

Poland: Polish officials are troubled and the public is disturbed by the Hungarian executions and interpret them as a threat to Poland's "road to socialism." The Poles feel isolated because they now believe Tito no longer has any ability to influence policies within the bloc. They fear a return to Soviet control over the bloc similar to that of the Stalin era.

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### II. ASIA-AFRICA

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*No*

Watch Committee conclusion -- Middle East: No political or military solution to the Lebanese crisis is in sight. The army has not been employed to its full capabilities. An attempted military coup d'état by some of its senior officers to oust Chamoun remains a distinct possibility.

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A request by Chamoun for intervention in Lebanon in the near future is possible. The call

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*no*

might take the form of a request for Western intervention or for a greatly expanded UN observer corps, possibly a UNEF. Available evidence does not indicate an intention by the Soviet bloc or Israel to become militarily involved. Elsewhere in the Middle East, a deliberate initiation of hostilities is unlikely; however, serious incidents may occur.

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*no*

**\*Cyprus:** Neither Greece nor Turkey accepts the British plan for Cyprus as announced in Commons on 19 June, but both are willing to discuss the problem further. However, while Turkey insists on a tripartite conference with an open agenda, Greece accepts only bilateral contacts with the UK. The UK insists that its plan be the basis for discussion. Makarios apparently regards the British plan as basically unacceptable. British forces on Cyprus can probably cope with any situation that arises, and barring accidents, violence will probably not erupt as long as discussions continue.

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*no*

**Pakistan:** The fall of the East Pakistan provincial government will promote President Mirza's effort to replace Prime Minister Noon's national coalition with one more amenable to his control. If political instability increases, Mirza may carry out his threat to impose dictatorial rule.

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*yes*

**Japan - Communist China:** Chief cabinet secretary Akagi of the new Japanese cabinet outlined to a press conference on 19 June, probably with Prime Minister Kishi's approval, the conditions for improving relations with Communist China which could pave the way for eventual recognition. This statement probably is designed to overcome Peiping's present hostility toward Japan and is also a trial balloon to obtain domestic and foreign reaction.

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*yes*

**Laos:** Sentiment among political leaders and the populace is rising for the withdrawal of the International Control Commission, whose presence is considered an infringement

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on the country's sovereignty. Interior Minister Katay's newspaper has threatened mob action against the commission.

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[redacted] Morocco - France: Morocco has not accepted the conditional French offer reiterated on 13 June to withdraw part of the 30,000 French ground forces in Morocco, probably because it wants all French forces evacuated. A Moroccan Government communiqué issued on 14 June announcing that France would withdraw from ten posts in eastern Morocco was designed to relieve popular pressure for total French evacuation pending Premier Balafrej's return from the Tunis conference.

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Watch Committee conclusion-- North Africa: The agreement between France and Tunisia for the phased withdrawal of French forces, with the exception of those at Bizerte, should serve to reduce the possibilities for serious incidents. No evidence is available of Soviet bloc efforts to exploit the current crisis in North Africa.

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### III. THE WEST

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France: De Gaulle will probably ask the United States for assistance in carrying forward France's program to manufacture its own nuclear bomb.  
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*yes*

Chile: The leftist trend in Chile, evident since April, improves the chances of the Communist-backed Socialist Salvador Allende, who now may have gained the support of President Ibanez for the September presidential election. However, Allende is still believed to be running slightly behind the right-wing candidate. [redacted]

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#### LATE ITEM

*yes*

\*Soviet Central Committee Meeting: The communiqué issued by the Soviet Communist party central committee after its meeting of 17-18 June represents, on the surface at least, another gain for Khrushchev. He has added two of his protégés as candidate members of the presidium and has had the committee adopt a decree which carries further his agricultural policies by abolishing compulsory deliveries of produce to the state by collective farms. It is unlikely, however, that the committee, and especially its members serving in foreign capitals, would have been called suddenly into session for the second time in six weeks for this purpose alone. There remains, therefore, an impression of continuing political tension.

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## I. THE COMMUNIST BLOC

### Polish Reaction to the Hungarian Executions

Polish feelings of isolation within the Sino-Soviet bloc--re-emphasized during the current dispute with Yugoslavia--have been intensified by the executions of Imre Nagy and Pal Maleter. The Poles probably consider the primary purpose was to coerce Gomulka into greater conformity with bloc practices.

Gomulka has withstood increasing bloc pressures, during and since his May tour of Rumania, Hungary, and Bulgaria, over his position in the bloc's dispute with Yugoslavia. Without Tito, Gomulka has no effective ally in the Communist world; the executions dispel any hopes he may have had of finding support in the Hungarian leadership. Press reports from Warsaw allege that Gomulka in May received assurances from Kadar that no action would be taken against the "counterrevolutionaries." The executions have probably alarmed the Polish leader.

Polish newspapers printed the news of the Hungarian trials on 17 and 18 June without comment. Polish party reaction can best be measured at this time by the conspicuous absence of regime leaders at the tenth anniversary celebration in Warsaw of the Polish-Hungarian friendship treaty on 18 June. Observance was limited to restrained editorials and a concert on 17 June.

The Chinese party, in an 18 June People's Daily article, equates the slogans of the 1956 Hungarian revolution--"national independence," "equality with the Soviet Union," and "special paths to socialism"--with hostility to the USSR and advocacy of a return to capitalism. These slogans are peculiarly descriptive of Gomulka's brand of Communism.

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Cyprus

Prime Minister Macmillan's announcement on 19 June of Britain's new proposals for Cyprus was greeted in Athens by a government spokesman's statement that the plan was "fundamentally unacceptable" to Greece. Archbishop Makarios has not yet commented publicly but will probably reject the plan, although possibly not in unequivocal terms, thus leaving room for further negotiations. Makarios has reiterated that he would accept self-government for Cyprus as long as eventual self-determination were not specifically precluded and he now is willing to "consider" the permanent ruling out of enosis. He is very much opposed, however, to provisions of the British plan permitting Cypriots to obtain Greek or Turkish nationality since he fears that this would lead eventually to partition of the island. Regardless of Makarios' decision, he will probably attempt to restrain EOKA from launching attacks on Turkish Cypriots, as such attacks would sustain the Turkish thesis that the two communities cannot live in peace.

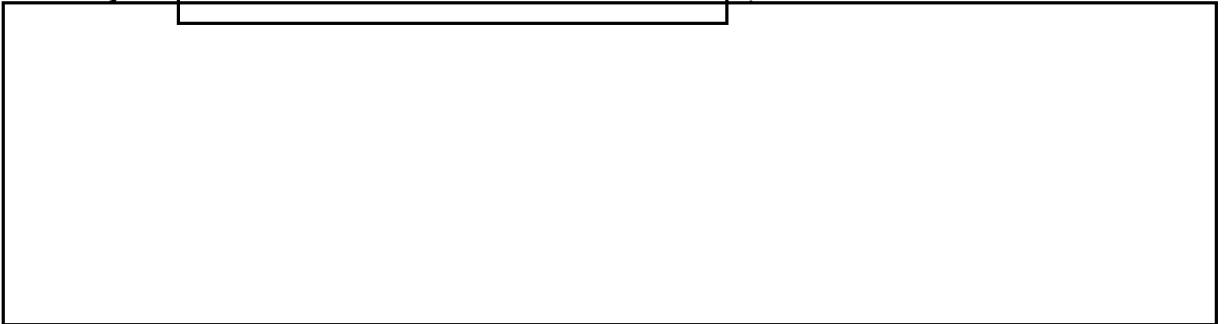
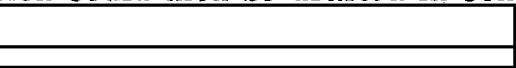
At the North Atlantic Council meeting on the Cyprus issue on 19 June, no agreement was reached as Turkey insisted on a tripartite conference, at which the British plan would be considered along with other suggested solutions, while Greece would agree only to bilateral negotiations with London. The Greek representative declared the British proposals unacceptable, claiming they were aimed at eventual partition of Cyprus. Secretary General Spaak's suggestion that bilateral negotiations, possibly under his good offices, might lead to a tripartite conference was neither accepted nor rejected by the Greek and Turkish representatives.

London will probably insist that any negotiations focus on its new proposals but is apparently willing to discuss

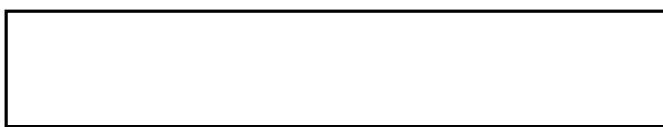
modification of both details and timing of implementation. The British cabinet has decided to implement the plan unilaterally if it is not accepted by Athens and Ankara. The British apparently hope that violence can be sufficiently curbed to permit gradual ending of the emergency and that a constitution could then be drafted in consultation with Makarios.

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### Government of East Pakistan Resigns

The resignation on 18 June of the East Pakistan provincial government makes it more likely that President Mirza will succeed in replacing Pakistan's national government led by Prime Minister Noon with a coalition amenable to Mirza's control. The increased political instability could encourage Mirza to carry out his threat to impose dictatorial rule. Either eventuality is almost certain to cause postponement of the national elections scheduled for November.

Former Prime Minister Suhrawardy's Awami League, which led the provincial coalition, also provides the chief support for Noon's Republican government at the national level, and its defeat in East Pakistan will weaken its influence nationally. This will facilitate Mirza's efforts, in cooperation with the opposition Moslem League, to unseat Noon.

The East Pakistan government fell when the leftist National Awami party, led by pro-Communist Maulana Bhashani, refused to support the Awami League in a confidence vote. Since the ability of opposition forces to form a durable coalition is dubious, Mirza may eventually assume direct control of the provincial administration.

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Japanese Cabinet Secretary Proposes Recognition of Communist China

Munenori Akagi, powerful chief cabinet secretary in the new Japanese Government, has openly proposed that Tokyo "pave the road" toward future recognition of Communist China. He also told a press conference on 19 June that the China problem could be solved only by recognizing the Nationalist Government in Taipei and the Communist regime in Peiping as "separate sovereign governments without connection with each other!" He said that Foreign Minister Fujiyama and Minister of International Trade and Industry Takasaki share these views.

The cabinet secretary's statements, which probably were made with Prime Minister Kishi's approval, may be a trial balloon to test domestic and foreign reaction before Tokyo decides on a specific China policy. They may also be intended as a conciliatory move to induce the Chinese Communists to relax their trade embargo against Japan. Akagi stated that the question of sending a special envoy to Peiping would be considered officially when Communist China's hostility toward Japan is eliminated.

Although Akagi disclaimed a "two Chinas" solution--he probably would consider Nationalist China strictly as Taiwan--proposals such as his have been consistently rejected by Peiping. The Chinese Communists have declared that they will not accept diplomatic recognition from nations that continue to recognize the Nationalist Government and have emphasized that they will not compromise on this issue even if it impedes their campaign to win broader international recognition.

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Climax Nears in Dispute Over Dissolution of International Control Body in Laos

The desire of non-Communist Laotians for the prompt withdrawal of the International Control Commission (ICC), now that all steps for the integration of the Communist Pathet Lao have been completed, is bringing to a head broad issues involving a conflict of free world and Communist interests in the Indochina area. Under terms of the 1954 armistice reached at the Geneva conference cochaired by Britain and the USSR, separate control commissions have been operating in each of the three Indochinese states pending specified political actions to reconcile the former local combatants.

Canada, which together with Poland and India constitutes the ICC, supports the Laotians' position and threatens to withdraw unilaterally if the other two members continue to oppose dissolution. Communist opposition apparently stems from a desire to retain an active hand in Laotian affairs, as well as from concern that dissolution of the ICC in Laos would set a precedent for dissolution of the ICC in Cambodia and in Vietnam. India fears that unilateral Western renunciation of any part of the truce mechanism will lead the Communists to declare the 1954 armistice void, leaving North Vietnam to exercise a free hand throughout Indochina.

A recent threat in Laotian Interior Minister Katay's newspaper of possible mob action against the ICC unless it soon leaves is indicative of Laos' apparent intention to force the issue. The problem threatens to precipitate an international squabble involving such other participants in the 1954 Geneva conference as Communist China and France.

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Morocco Noncommittal on French Troop Withdrawal Offer

The Moroccan Government communiqué of 14 June, announcing French agreement to evacuate ten small posts on the Algerian border in eastern and southern Morocco, was probably designed to relieve popular pressure for total French withdrawal until Moroccan Premier Balafrej returns from the Tunis conference. Rabat, probably with the intention of holding out for complete evacuation, has not accepted a conditional French offer to withdraw a sizable proportion of the French ground forces in Morocco.

Balafrej was noncommittal when French Ambassador Parodi on 13 June reiterated the proposal, originally made on 4 April, to withdraw the 30,000 French ground troops in Morocco if Rabat would agree to continue operation of French bases where some 16,000 naval and air personnel are training. France would also insist on retention of enough ground troops to service these bases.

Parodi had told Balafrej that France would regroup its ground forces in eastern and southern Morocco in larger bases along the Algerian border, possibly in two to six weeks, but for the time being could not withdraw these troops completely from the border area. Although Balafrej reaffirmed earlier oral assurances that the Moroccan Army would take over effective control to prevent Algerian rebel movements across the border, he did not offer the written assurances Parodi requested. According to Parodi, Balafrej agreed to arrange for the lifting of Moroccan restrictions on French Army movements. These restrictions have not, however, been lifted.

The American ambassador considers that France's refusal to evacuate its troops along the Algerian border is a defeat for Parodi, who has recommended their removal, and creates a difficult problem for the Balafrej government, which is faced with a strong popular demand for their withdrawal from this area.

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### III. THE WEST

#### De Gaulle Gives Top Priority to French Atomic Bomb Program

Premier de Gaulle is giving top priority to the nuclear question and has made it clear that France must have its own bomb, according to a French Foreign Ministry official. The official indicated that when Secretary of State Dulles visits De Gaulle in early July, De Gaulle will press for US cooperation in making atomic weapons. The US Embassy believes that France primarily seeks technical information.

Many Frenchmen see the manufacture of nuclear devices as a means of restoring French prestige and re-establishing France's status as a great power. De Gaulle's statements have indicated his own strong personal conviction in this regard.

An official in the French Atomic Energy Commission stated in early June that France was determined to carry out nuclear tests but said there was no practicable way to accelerate plutonium production. The embassy believes lack of plutonium precludes a French test before sometime in 1959. Previous reports indicated an intention to begin testing in the fall of 1958. In April, a French AEC official stated that France was planning a "meaningful" series of tests, rather than one or two for prestige reasons, and strongly protested any agreement to halt nuclear weapons testing without an effective ban on production on the grounds that France had invested too much time, effort, and money to be denied entry into the "atomic club."

The statement by a Foreign Ministry spokesman this week that De Gaulle had ordered a unilateral reply to Khrushchev's letter of 11 June, stressing an indissoluble link between cessation of tests and bomb production, is in line with the unwillingness of France to make any commitment which would hamper its atomic program.

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Trend Favors Communist-backed Presidential Candidate  
In Chile

The strong leftist trend in Chile since the April outburst against US copper tariff policies and the subsequent cancellation of President Carlos Ibanez' state visit to the United States is helping the presidential candidacy of the most vocally anti-US candidate, Salvador Allende. Allende, a left-wing Socialist backed by the illegal Communist party, has proposed a revision of the basic Chilean copper law which would be highly unfavorable to US-owned copper companies. The trend is aided by the formation of an anti-conservative parliamentary coalition, which controls both houses of Congress.

Allende reportedly has promised favors to members of an influential clique of Ibanez' confidential advisers headed by the editor of the government newspaper in return for the President's support.

Allende's chief rival in the 4 September presidential election will be the conservative-backed candidate, Jorge Alessandri, whose popular father was president of Chile both before and after the Ibanez dictatorship of the late twenties. While Ibanez is anti-Communist, the Communist party has been able to play on his hatred of the Alessandri family by planting rumors with persons close to the President of Alessandri's provocation of strikes and conversations with generals.

Although he is identified with the left, Allende is a member of the Chilean aristocracy, and his recent references to the usefulness of US developmental capital suggest that he might end his cooperation with the Communists if elected. [redacted]

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**LATE ITEM****Soviet Central Committee Meeting**

The communiqué issued by the Soviet Communist party central committee after its meeting of 17-18 June represents, on the surface at least, another gain for Khrushchev. He has added two of his protégés as candidate members of the presidium and has had the committee adopt a decree which carries further his agricultural policies by abolishing compulsory deliveries of produce to the state by collective farms.

Although there is no hard evidence of what other subjects were discussed, it is unlikely that the committee, and especially its members serving in foreign capitals, would have been called suddenly into session for the second time in six weeks only to approve these personnel and agricultural changes. There remains, therefore, an impression of continuing political tension.

However, any discussion of foreign policy issues dealing with the summit, or the Middle East, or problems of bloc unity--including the execution of Nagy--would probably not be announced. On the other hand, a plenum decision on the new Seven-Year Plan might have been expected since the draft plan was scheduled to be ready by 1 July.

The addition of two new candidate members. N. V. Podgorny and D. S. Polyansky, to the party presidium--the only personnel changes announced--brings the total membership to 15 full and 10 candidate members. After serving since 1953 as party secretary in several regional posts, Polyansky was named chairman of the Russian Republic Council of Ministers in March 1958, when Khrushchev became USSR premier. Podgorny has been first secretary of the Ukrainian party central committee since last December. Both men were elected full members of the party central committee for the first time at the 20th party congress in 1956, both have had extensive experience

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in key agricultural areas, and both have come into prominence since Khrushchev became party first secretary in 1953.

Under the compulsory delivery system, the state had obtained cheaply large quantities of agricultural goods from the collective farms; the remainder was sold by the farms at considerably higher prices to state agencies and on the free market and delivered to the Machine Tractor Stations (MTS's) as payments for work performed. Revision of this cumbersome system, which has hampered planning and profit calculations, is a logical sequel to dissolution of the MTS's, decreed in April. If the new system results in an increase in revenues for the collective farms, a large portion will still be absorbed by purchases of machinery from the former MTS's.

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